

DD/A Registry  
File *Appra + Budget*

DD/A *75-2335*

Executive Registry

*75-2352*

OJCS 1205-75

19 MAY 1975

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Purchase of IBM 360/195 Computer

1. Action Requested:

This memorandum contains a recommendation for your approval of the purchase of an IBM 360/195 computer system which is currently being leased by the Office of Joint Computer Support. Such recommendation may be found in paragraph 4.

2. Background:

In January 1975 the OJCS Computer System Plan was updated to reflect revised schedules for acquisition of new computer systems and financial alternatives for funding the long-term costs of the Plan. One such alternative proposed in the plan was the purchase of the IBM 360/195 computer. The reasons for purchase of this system are:

- It has a future life in the Agency of at least five years.
- 
- It is subject to a Special Purchase Option plan that allows an additional GSA credit towards purchase of \$581,217.

STAT

STAT

- Annual cost for this equipment under the purchase plan will be less than 50% of the cost if we continue to rent the equipment. After five years, annual cost will drop to 10% - the annual cost of maintenance.

The purchase of this computer produces an immediate savings of over \$1,000,000 a year which can be applied to the cost of installing the IBM 370/168 computers that are projected in the OJCS Computer System Plan. The current FY-76 Budget and the FY-77 Program have been based on purchase of the IBM 360/195. Interest charges at 10.5% are included in the annual payments. The balance may be paid at any time without penalty. This computer should be purchased no later than 22 May 1975 since no part of the rental paid after that date can be credited towards purchase, and overall costs will increase for every day beyond 22 May that purchase is deferred. In the unlikely event that the Government should decide not to continue annual payments, IBM would repossess the equipment. If CIA did not wish to continue payments, we feel certain that another Government Agency would want to take over the balance of payments and the equipment. A copy of IBM's proposal dated 8 April 1975 is attached.

3. Staff Position:

My staff recommends that the 195 be purchased as soon as possible to take full advantage of the most cost-effective contractual arrangement and to release money for the IBM 370/168 leases.

4. Recommendation:

It is recommended that you approve the purchase of the [redacted] in FY 1976 through FY 1980. Funds are in the OJCS budget for this purchase.

STAT

STAT

[redacted]  
John F. Blake  
Deputy Director  
for  
Administration

Attachment: a/s

APPROVED: \_\_\_\_\_

19 MAY 1975

DISAPPROVED: \_\_\_\_\_

STAT

Approved For Release 2003/04/29 : CIA-RDP84-00780R006300030015-6

Next 10 Page(s) In Document Exempt

Approved For Release 2003/04/29 : CIA-RDP84-00780R006300030015-6